



HAPPY FORGINGS LIMITED

May 28, 2026

To

BSE Ltd, Corporate Relationship Department, Phiroze Jeejebhoy Towers, Dalal Street, Mumbai - 400 001	National Stock Exchange of India Ltd. Listing Department, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051
Scrip Code: 544057	Symbol: HAPPYFORGE

Dear Sir/Ma'am,

Sub: Transcript of the Earnings Conference Call for the quarter and year ended 31st March 2026 held on 22nd May 2026.

Pursuant to Regulation 30 of the Listing Regulations, kindly find enclosed the copy of the transcript of the Earnings call held on Friday, 22nd May 2026 on the Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March 2026.

Kindly take the same on records.

Thanking you

FOR HAPPY FORGINGS LIMITED

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HAPPY FORGINGS LIMITED

“Happy Forgings Limited
Q4 FY26 Earnings Conference Call”

May 22, 2026

E&OE - This transcript has been edited for grammatical and other transcribing errors. In case of discrepancies, the audio recordings uploaded on the stock exchange on 22nd May 2026 will prevail. In case of any conflict of factual information with published data in the Investor Presentation, the latter should be considered to be accurate.



HAPPY FORGINGS LIMITED



MANAGEMENT: MR. ASHISH GARG – MANAGING DIRECTOR – HAPPY FORGINGS LIMITED
MR. PANKAJ KUMAR GOYAL – CHIEF FINANCIAL OFFICER – HAPPY FORGINGS LIMITED

Moderator:

Ladies and gentlemen, good day and welcome to the Q4 and FY26 Earnings Conference Call of Happy Forgings Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Ashish Garg, Managing Director, Happy Forgings Limited. Thank you and over to you, sir.

Ashish Garg:

Good morning and a very warm welcome to all of you to Happy Forgings Limited Q4 FY26 Earnings Call. With me, I have Mr. Pankaj Kumar Goyal, CFO of the company; Strategic Growth Advisors, our Investor Relations Company. I trust everyone has had the chance to review our financial statements and investor presentations for Q4 and FY26, which we have filed with exchanges.

Let me start by outlining the key highlights for FY '26. FY '26 was another milestone year in our journey, reflecting the strength of our business model, disciplined execution and strategic focus on value-added growth. Over the last few years, we have steadily transformed the company through capacity expansion, higher machining mix, operational efficiency and a sharper focus on profitable growth, and FY '26 is a strong reflection of that journey.

During this year, we delivered our highest ever annual profitability with revenues of Rs.1,546 crores, EBITDA margins at 30.4%, expanding by approximately 160 basis points and PAT margins at 19.5%, improving by approximately 90 basis points year-on-year on an adjusted basis.

Q4 FY '26 was equally encouraging with sales growth of around 20% year-on-year and EBITDA and PAT growth of approximately 30% and 24%, respectively. This resulted in our best ever quarterly performance across key parameters supported by strong execution, better product mix and operational leverage.

Gross margins, EBITDA margins and PAT margins for the quarter stood at 59.4%, 31.5% and 19.7%, respectively. Our finished goods volume grew by 11% during the year, while realizations remained broadly stable at Rs.245 per kg despite softening raw material prices. This reflects the strength of our customer relationship, product portfolio and increasing share of value-added products.

In recent months, we have seen some increases in raw material prices and in other manufacturing costs due to ongoing U.S. Iran issue. As per existing arrangements, we expect the raw material increases to be passed on to the OEMs. We are also in active discussions with the customers regarding inflation in our other manufacturing costs and remain hopeful of cost recovery.

Commercial vehicle continued to remain our largest segment, contributing 37% of FY '26 revenue. The domestic segment witnessed healthy momentum during the year, supported by improving affordability following GST rationalization, sustained infrastructure spending, healthy freight activity and improved fleet utilization. Industry data indicates strong mid-teens growth in domestic MHCV truck production and sales volume in FY '26 and other domestic segment growth was in line with that. Domestic industry outlook for FY '27 remains stable with expectations of continued replacement demand and infrastructure-led growth. However, global markets, particularly North America and Europe reported 9% to 10% decline in unit sales and also led to single-digit decline for us as well in our export-dependent CV segment sales.

Farm equipment contributed 32% of our total operating revenue in FY '26, growing around mid-teen range during the year for us. The domestic tractor industry demonstrated strong growth during the year, supported by favorable monsoons, healthy reservoir levels, improved rural cash flow and strong agriculture output. Industry volumes also benefited from increasing mechanization trends and improved affordability. Export markets declined further during the period. Export markets in Europe and U.S. are expected to remain broadly stable in calendar year 2026 and the long-term structural outlook for the industry remains positive given India's relatively low farm mechanization levels and rising adoption of higher horsepower tractors.

Industrials contributed 14% of our operating revenue and delivered stable performance during the year in line with our overall growth. Demand remains healthy across power generation, renewable energy, wind energy, railways, oil and gas and digital infrastructure. The broader capital goods and industrial ecosystem continue to remain strong, supported by increasing government and private sector capex. Investments in renewable energy, transmission and grid infrastructure, rail modernization and India's rapidly expanding data center ecosystem are expected to continue driving demand.

Off-highway contributed 11% to our operating revenue. Amid broader categories weakness, the domestic off-highway segment saw softness on a year-on-year basis. Slower project awards, particularly in roads and highway and other infrastructure segments, along with land acquisition approval-related delays moderated the pace of project execution. This impacted equipment demand during the period and led to a 7% decline in domestic construction equipment sales. Industry conditions in Europe and U.S. remained challenging during this period with a marginal decline from prior year.

Passenger vehicles contributed 6% to our total revenue in FY '26. We have strong visibility on incremental business in this segment and expect the contribution to scale up meaningfully over the next few years in this segment.

While the domestic business is witnessing stable growth, the export market segments across CV, farm and off-highway is weathering challenges and may stabilize during the year and have some

moderate signs of recovery. During the Q4 FY '26, we did see a higher share of export business, indicating early signs of demand pickup.

One of the important strategic developments in our business has been the increasing diversification of our order pipeline. We are seeing growing opportunities in industrial passenger vehicle, EV-linked programs and export-oriented businesses. This will gradually reduce dependency on traditional cyclical segments and create a more balanced and resilient portfolio over the medium term.

Our continued focus on the value addition is also reflected in the product mix. Machining contribution increased to 89% in FY '26 compared to 87% in FY '25 and 73% in FY '21. On the capacity side, we expanded machining capacity to 68,000 metric tons during the year, including an addition of 9,800 metric tons in Q3 FY '26.

We also commissioned a new 10,000 ton forging line during Q4 of FY '26, while the 4,000 ton press is expected to be commissioned in the first half of FY '27. These investments are aligned with the strong business opportunities we see ahead. When we look back at our journey from FY '21 to '26, the transformation has been significant.

Over this period, finished goods volume grew by 1.8x, revenue grew by 2.6x, EBITDA increased by 3x and PAT grew by 3.5x. Alongside growth, we improved margins, strengthened the balance sheet, reduced debt, improved working capital efficiency and enhanced return ratios. Importantly, this growth has been funded through healthy internal cash generation with cash generated being almost equal to cumulative capex over the period. We have a AA rated stable credit rating, which is among the strongest ratings in the industry for a company of our scale that is not backed by large conglomerate, which reflects the strength of our balance sheet, governance standards and financial discipline. Our strong balance sheet and cash generation capacities provide us significant headroom to fund our growth without relying excessively on external capital.

Looking ahead, our outlook for FY '27 remains optimistic. We expect late-teen volume growth for the business while maintaining EBITDA margins broadly in line with FY '26 levels. While global uncertainties and input cost inflation continue to remain near-term challenges, we believe our strong customer relationship, diversified portfolio and operational strengths position us well to navigate the environment effectively.

Further, as part of our long-term optimization and ESG strategy, we have signed a long-term lease of 80 acres of land to develop a captive solar power plant. We further have got approval that enables us to enhance our capacity of the proposed plant by additional 10 AC megawatt to 35 AC megawatts with a total capacity outlay of up to Rs.170 crores. This initiative is expected to reduce our annual power cost significantly with partial benefits starting from FY '28 and full benefits accruing thereafter.

Overall, we believe we are well positioned for the future, supported by the high capacity, improving product mix, strong customer relationship, healthy balance sheet and a strategic and

a clear strategic road map for growth. With that, I would like to invite our CFO, Mr. Pankaj Kumar Goyal, to take you through the detailed financial performance for the quarter. Thank you.

Pankaj Kumar Goyal:

Thank you, Ashish, and good morning, everyone. I hope I'm audible to everyone. Let me now take you through the key financials and operational highlights for the fourth quarter and the full year ended FY '26. We delivered a strong operational and financial performance during the year, reflecting the resilience of our business model and disciplined execution.

For Q4 FY '26, revenue from operations stood at Rs.424 crores, while the full year FY '26 revenue came in at Rs.1,546 crores. This translated into a strong year-on-year growth of 20.4% for the quarter and 9.8% for the year. On the operational front, we reported robust volume growth of 20.6% in Q4 FY '26 and 10.9% for FY '26 on a year-on-year basis.

Realization remained stable both for the quarter and the full year at around Rs.245 per kg. Gross profit for the quarter stood at Rs.252 crores, while for FY '26, it is Rs.915 crores, registering a year-on-year growth of 21.9% and 11.9%, respectively. Consequently, gross margin increased to 59.4% for the Q4 FY '26 and 59.1% for the full year by 70 basis points and 140 basis points, respectively.

EBITDA for Q4 FY '26 came in at Rs.133 crores, reflecting a strong growth of 30.4% Y-o-Y. For FY '26, EBITDA stood at Rs.471 crores, up by 15.7% Y-o-Y basis. EBITDA margin improved at 31.5% for the quarter and 30.4% for the full year. That's by 240 basis points and 157 basis points for the quarter and full year, respectively, supported by operating leverage and continued focus on operational efficiencies.

Other income for Q4 FY '26 came in at Rs.6 crores versus Rs.10 crores in Q4 of previous year. Other income for the full year was Rs.31 crores, similar to that in FY '26 after excluding one-time insurance income. Other income was affected by roughly Rs.4.5 crores in Q4 because of adverse foreign exchange movements.

PAT for Q4 FY '26 stood at Rs.84 crores, reflecting a strong growth of 23.6% Y-o-Y. For FY '26, PAT stood at Rs.302 crores, up 14.8% Y-o-Y on an adjusted basis. PAT margins improved to 19.7% for the quarter and 19.5% for the full year. Our balance sheet continues to remain a key pillar of strength for the organization through focused working capital management and disciplined execution.

We have maintained stability in working capital levels related to FY '25. The reduced working capital intensity, coupled with an expanding margins profile enabled strong cash flow conversion during the year, resulting in cash flow from operations of approximately Rs.445 crores for FY '26.

Further, our treasury position has strengthened meaningfully with total liquid assets of around Rs.430 crores. This provides us with significant financial flexibility and position us well to fund future growth initiatives through internal accruals. We also continue to invest with the long-term perspective.

Our ongoing capex program is progressing as planned with a capex of around Rs.460 crores deployed during FY '26. Looking ahead, we expect total capex for FY '27 to be in the range of Rs.450 crores to Rs.500 crores, primarily directed towards expanding our high-growth capabilities and creating sustainable long-term value for all stakeholders.

With that, we are ready to commence the Q&A session. I will turn back to the moderator to invite the first question. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Pankaj Tibrewal from IKIGAI Asset Managers.

Pankaj Tibrewal: First of all, congratulations on good set of results and great to see the balance sheet and cash flow discipline. And year-on-year, the cash flow generation was extremely good. So congratulations on that. Ashish ji, what I wanted to understand is that after many quarters, we have seen this growth come back.

Can you just help us understand that you talked about late teens growth on volumes. And with that, there will be some steel price inflation. What are the projects which we are doing over the next 2, 3 years, how the size and shape of the company will look like? What are the new areas we are entering into? Can you just give us some colour on the growth side, which will help us think about the company in a better way? And over the next 2, 3 years, what is the size and shape looking like?

Ashish Garg: So thank you, sir. With regards to the business and momentum, so if you see from the last quarter, in the last quarter and the last 4 months, we were able to acquire another Rs.140 crores of new businesses across various sectors, largely on the industrial side, which is towards the data center business and also towards the passenger vehicle business.

So we see that the journey for the PVs and the industrials will continue very strongly in the next 2 to 3 years. Accordingly, infrastructure is being created. And accordingly, we have a strong order book. The order book for the new businesses today stands at nearly Rs.950 crores, which will be executed in the next 2 to 3 years.

And accordingly, infrastructure is getting built, which is a strong diversification point. Even on the CV side and on the farm equipment side, especially on the CV side, we expect a large market share gain starting from this year as a lot of development has been done for domestic as well as global commercial vehicle manufacturers.

So put together, all this, we see a market share gain starting from this year and also the new segmental growth on industrial as well as EV will be a major growth driver going forward for next 2 to 3 years. And if you look at the mix, the mix will change to a decent level where we will have commercial vehicle contributing around 27% going forward.

And you can see there is a complete shift, which will happen from currently around 37%. And at the same time, we expect industrials to be a large part of the business, which will be around 30%-31% from 11% right now. Passenger vehicles, we expect improvement from 6% to almost

10% going forward. So these are the major changes we see. And accordingly, infrastructure development is being done right now.

And product mix, currently, if you see largely the product price that we today cater is around Rs.60,000. We are working on the projects where the product price is around Rs.25 lakh starting from currently, the heaviest component we do is roughly around 200 kg. And going forward, we are talking about 2 tons. So that's kind of a transformation shift we are talking about.

Pankaj Tibrewal:

That's great to hear. The second question is that when you look at last year, there were headwinds from export side because of tariffs and because of many other reasons. How do you see the export visibility this year across your segments? And are there any new wins both on automotive and industrial side? Can you share some detail with us how you're looking at the export front this year, please?

Ashish Garg:

We started some of the projects for North America for which we have already started ramping up. Large part of the business will start coming from second quarter onwards for North America. These are for passenger car sectors. And we have further gained more programs, one more program with the same client, which is going to start from FY '28 onwards. That's on the EV side.

On the industrial side as well, we have gained a large order from Europe, and the commencement of that will actually start from FY '29 onwards. So the export sector for the new and for the existing clients, as we see, CV as per the company and as per the recent commentary, we are seeing that should grow this year by single digit, by mid-single digit this year.

And inventories are more or less aligned and should be a decent year in terms of exports to Europe in terms of which is our main contribution today. Also on the industrial side and with currency favouring, we see export segment will grow as there is a lot of opportunity coming from Europe at this point of time.

Moderator:

The next question is from the line of Sahil Sanghvi from Monarch Network Capital.

Sahil Sanghvi:

And again, many congratulations for outstanding results. Just continuing on the previous participant, what kind of price hikes are you asking from your customers in terms of percentage? Would it range in roughly 5% to 7% covering the raw material inflation and the other input costs with logistics or any kind of manufacturing cost?

Ashish Garg:

If you look at our cost structure because we are into a very high value-add product and steel is a pass-through for us. On the domestic side with 1 month lag and on the export side with a lag of 1 quarter. So we are not worried about the steel price pass-through. With regards to the cost, there is the cost increases on the side of fuel.

So 7% today constitutes power and fuel and 1% is fuel for us. And on the fuel side, if you see, we have seen 30% to 40% hike because LPG and fuel costs have gone up. But if you look at the total picture, it is just 1% of our cost. So we can see that around 0.3%, 0.4% cost increases on the fuel side.

With regards to the other manufacturing expenses, there are certain freight hikes and hikes on account of carbide consumption and other packaging materials for which company is in discussion. So besides the steel price, we are expecting around 3.5% to 4% increase on selling price from our customers, for which our teams are in discussion. We have received the confirmation from a few OEMs. We are hopeful to get it from 1st of April.

Sahil Sanghvi: Got it. That's helpful. The numbers that you've given on the new orders received or the order book now with having the new orders, that includes the heavyweight forgings also, right?

Ashish Garg: That includes the?

Sahil Sanghvi: Heavyweight forgings that we are venturing into?

Ashish Garg: Yes. So out of Rs.950 crores, Rs.250 crores of order book is currently on the heavy businesses related to data center and which is currently in a range of 700 kgs to 1.8 tons.

Moderator: The next question is from the line of Vijay Pandey from Axis Capital.

Vijay Pandey: Congratulations on excellent set of numbers. Sir, a couple of questions. First on the cost inflation and energy inflation. Are you seeing any impact in the current quarter? And like how is the negotiation with the OEMs going in terms of the price increases?

Ashish Garg: So as just explained, with regards to the cost hikes, you can see that 60% for us is a gross margin. And if you look at the manufacturing cost, around 7% is power and fuel. So power, there is no hike for us. Fuel is 1% of the cost where the cost hike is there by almost 35%, 40%, which is 0.3%, 0.4% of the sales value.

And there are other manufacturing-related costs, which have gone up by 2%, 2.5% of revenue, which are regarding the carbide prices, packaging goods and freight, etcetera. And for this, we are in touch with our customers, and we have confirmations received from our customers to pay it out from 1st of April.

So that has been in discussions. I think another 10, 15 days, we should be having confirmation from 70% to 80% of our customers on this where PO amendments will start. So that's how we are looking at it. Plus there is an improvement in scrap prices, which will also support us in current scenario.

Vijay Pandey: Okay. That's good to hear. And secondly, sir, how is our export demand looking now given the entire scenario, the geopolitical scenario and -- but there was an expectation that the Europe demand should improve this year. So just want to get an idea how it's looking for you and for the industry as well?

Ashish Garg: So the export demand is robust, I must say. And the programs which were done in the last 2 years are taking good shape and are in good demand right now. The ramp-up is projected to happen as per the timelines, and we are working with OEMs on the same. So there is no delays.

In fact, we are pushing hard to ramp up for all these projects. So that is the condition today. And we are not seeing any delays on the current projects. As far as demand from our existing

customers are concerned on the European markets, the demand is expected to improve by around single digit this year.

At the same time, we see a lot of new projects from Europe because of the currency depreciating, there are a lot of benefits to European OEMs. And because of the gas pricing surging in Europe makes a lot of business competitiveness from India, right, at this point of time. So that has been in discussions, and we expect because Q4, we were able to generate new order book of almost Rs.150 crores per annum. And we can see a very fast churn is happening in terms of the new businesses, which are coming to us.

Vijay Pandey:

Okay. And lastly, sir, so we have -- previously also you had given us a little bit feedback about the new capex. Just if you can highlight what is the status? How is it progressing? And what should we expect like from when we can expect the revenue and potentially what can be the peak revenue from that business?

Ashish Garg:

So there is a capex which is going on the 10,000 ton forging press line, which was already done in last year Q4, for which major sector that will cater will be CV, farm and industrials, which is in line with the growth. And there is another 4,000 ton press line, which is starting by first quarter, which is expected to start very soon, which is kind of dedicated for the pass car sector for which we have large orders in hand, which is also going well in advance.

There is one capex, which is done on the wind side, especially for the wind pinion shafts, which is also in line, which is also starting from second quarter, for which also there is a good order books in hand. And by end of FY '27, we expect to complete our large capex, which is inclined towards the data center and heavy engine requirements.

And for which the trials will start in early FY '28 and should start expecting businesses from Q3, Q2 of FY '28. It's largely the machined businesses with a realization of almost Rs.800 to Rs.1,000 a kg. And there is a testing period required, and that's expected to start from third quarter of FY '28.

Moderator:

The next question is from the line of Mihir Vora from Equirus Securities Private Limited.

Mihir Vora:

So sir, basically, one question here is we see a very strong margin improvement over the last few quarters now. And even despite our PV mix increasing and CVs and farms staying stable, some more colour here on what kind of product or what realization here are we going into, which is driving this sort of a margin growth because it is on the gross margin front, we have seen an improvement. So some colour on that front like what new initiatives or what products are being added?

Ashish Garg:

So sir, the PV businesses and the industrial businesses, which are growing fast, if you see, and also some of the new CV programs that we have taken are at higher realization, which is kind of driving the entire gross margin. And the businesses, if you talk about the Rs.950 crores businesses which are in hand today, if you look at the realization for those businesses, it comes out to Rs.340, Rs.350 a kg. And today, we are at averaging around Rs.240, Rs.245.

So we expect that on a medium-term basis, this gross margin improvement will happen because of the businesses in hand and the businesses are far more complex in terms of its tolerances and in terms of its requirements. So that is how we see this overall picture on the gross margin side improving going ahead as well.

Mihir Vora: Right. And do we -- in the new products, which we have entered here into PVs or industrials, do we see some kind of market share gains further which will happen into that driven by sort of proven in terms of capabilities and forgings?

Ashish Garg: So PVs with one of our large customers, we were at around 32% market share, which has improved from 32% to 47% from this financial year. We are ramping up for this customer. We have added one more line. And even on the CV side, we expect a good market share improvement in this year as we have started working with -- we have started large invoicing for large domestic CV players. So this is there on the market share side. And we expect this improvement to continue as there are other programs also starting in Q4 for the same OEMs.

Mihir Vora: Okay. Sir, just secondly, something which is sort of a broader set here. Our domestic CV leader has now acquired a company in Europe. And basically, still it is too early to say, but do we see this kind of scenario where they will sort of shift some supply for the European components to India? What kind of broader growth like in a 4-year, 5-year period? Do we expect some kind of traction from that as well?

Ashish Garg: Can you come once again with your first question?

Mihir Vora: So what I'm saying is that our leading CV OEM, basically Tata, they acquired a company in Europe. And now basically, in that sense, do we see an opportunity in a 3-4 years down the line period when the component shift from Europe can happen to India?

Ashish Garg: So that can happen. The discussions are ongoing, but it will be too early to say whether Tata Motors will be handling the sourcing for them. So it will be too early to say. But yes, discussions are ongoing.

Mihir Vora: Okay. Sir, finally, the capex outlay will continue to be in this range at the Rs.400 crores mark for next year?

Ashish Garg: Yes. Just a second. So next 2 years, planned capex will be in the range of Rs.800 crores.

Mihir Vora: Okay.

Ashish Garg: And this includes the capex on the solar side as well.

Moderator: The next question is from the line of Jaiprakash Kumhar from Korman Capital.

Jaiprakash Kumhar: Hi, sir question on the margin, but it got a little bit cleared with the last question. But just clarity, the current 1 year you are selling at Rs.30, Rs.45 you said and the order book of Rs.950 crores has a realization of Rs.340 crores to Rs.300 crores. So almost 10x increase in realization. Did I hear that correctly?



- Ashish Garg:** So our current realization is at Rs.245 a kg. And the new businesses with Rs.245 a kg are current realization, whereas the new businesses in hand have a realization of between Rs.345 to Rs.350 a kg.
- Jaiprakash Kumhar:** Okay.
- Ashish Garg:** So roughly around Rs.90, Rs.95 per kg is the difference between the new businesses in hand and with the existing business, which also contains the legacy forge business.
- Jaiprakash Kumhar:** Okay. Got it. So it means that basically the current level of margins could improve going forward, right, because the realizations are higher or are there any other costs because depreciation might be higher? Is there any additional labor cost or anything, which is involved and could bring down the margins or it's just higher realization means automatically....
- Ashish Garg:** Higher realizations that we are working more towards the technology components and it's a higher precision requirement. So manpower is not a major issue in this because on heavy components, the cycle times are more. So gross margins will definitely improve and which should have positive impact on the EBITDA margins as well.
- So that's on the medium-term outlook as we can see that the businesses in hand have a better realizations. Even if you see in this year, the gross contribution has remained the same despite raw material prices falling by almost 6% reduction was there in the raw material prices. Even despite of that, the realization has been similar to last year, which has probably helped us in improving our EBITDA margin.
- Moderator:** The next question is from the line of Akash from NV Alpha PMS.
- Akash:** Sir, clarification required on the Rs.950 crores order book that you announced that the new orders that we have in place. So that kind of order book is executable in how much time?
- Ashish Garg:** This is within 2.5 to 3 years period.
- Akash:** Understood. Because I think last time this order book was around Rs.800-odd crores, and I think that you have given a longer timeline?
- Ashish Garg:** No, it was FY '27, '28, '29.
- Akash:** Understood. Okay. And the realizations that you mentioned, the average realization on this new order book of around Rs.340, Rs.350, that will include the orders for the new plant as well, right, where we have realization of almost Rs.700, Rs.800 per kg, right?
- Ashish Garg:** Yes.
- Akash:** Understood. Yes. So secondly, sir, I wanted to understand what has been our growth on the CV side in value and volume terms? Like have we grown in market share here this year?
- Ashish Garg:** Just a second. So Q4 the domestic growth on the CV side was almost 27%. And on the PV side, it was around 35%. On the export side, there was a degrowth on the CV side by almost 25%.

And off-highway domestic, there was a degrowth of 6%. Industrials grew by almost 32% on the domestic side.

Akash: Understood, sir. Sir, our industrials as a share hasn't grown if we look for FY '26 versus FY '25, I think even on absolute as well as absolute terms, we haven't grown that significantly. Relatively, I think we have gone down 1%. I think 12% was the contribution last year. This time, it's around 11-odd percent. So I think we had some orders -- new orders, which are going to start for data center players, smaller data center players. So that has started? Or is it still stuck due to the tariff and all of that?

Ashish Garg: So the projects that were there was not for data center. It was for heavy engine, which is ongoing. And if you look at HFL growth on the industrial side, the domestic has grown by almost 59%, whereas exports were down by almost 11% this year.

Akash: For industrial?

Ashish Garg: Yes, for industrials.

Akash: Understood. Yes. The last question on the solar capex, I think are we already done with it? Or what is the time line for having our solar plant ready?

Ashish Garg: It should start generating from Q4 onwards. And next year, potentially, we should be having 70% to 80% of the benefit for which we have already in the middle of the capex right now.

Moderator: The next question is from the line of Maitri Shah from Sapphire Capital.

Maitri Shah: Yes. Yes. Just 2 questions. Firstly, on the capacity addition. So if you could help me out by the end of this year and end of fiscal '28, what sort of capacities we'll have on the forging and the machining side?

Ashish Garg: So forging capacities in the last year have ramped up from 125,000 to 147,000, which is further expected to go up to 161,000 by FY '27. And further, it will be enhanced to 187,000 tons, addition of almost 26,000 tons from FY '27 to '28.

Maitri Shah: Okay. And on the machining side?

Ashish Garg: Machining side, the capacity will improve from 69,000 tons to 82,000 tons by FY '27 and from 82,000 tons to 87,000 tons by FY '28.

Maitri Shah: And this heavy engineering section that we are building up the capacity for the data centers and heavy engine orders. So all these data center orders, these Rs.200 crores will be executed post 3Q FY '28 or there will be some execution happening over the course of the next 6, 7 quarters?

Ashish Garg: We'll start executing from third quarter of FY '28.

Maitri Shah: Okay. Okay. And any target for FY '28, what sort of volume growth you're expecting? And how do you see the margins kind of inching up with these higher value orders coming in?



- Ashish Garg:** I don't want to give any specific number to it, but on the overall addition of the businesses, which we have in hand, as already discussed, as the gross margin will improve, which will definitely have a positive impact on the overall EBITDA margin.
- Moderator:** The next question is from the line of Ronak Mehta from ICICI Securities.
- Ronak Mehta:** Congratulations, Ashish and team, for a good set of numbers. My question spanning on the CV exports, given the fact that this quarter, your CV export declining double digits?
- Ashish Garg:** Ronak, we have major exports for CV exports coming from Europe, not from North America. So for us, the visibility on order books is good. And we are seeing single-digit kind of a growth from these European players this year.
- Ronak Mehta:** Understood. So any plans to cater to North American CV OEMs because what we hear from other your peers is that the cycle is looking pretty good this year. So any plans to cater to those OEMs or...
- Ashish Garg:** We have started working and quoting some RFQs, and we have a dedicated team sitting in North America for marketing now. So we'll be working in that direction as well.
- Moderator:** The next question is from the line of Prateek Shrivastava from Nivesh Wisdom. Please go ahead.
- Prateek Shrivastava:** Again, congratulations on a great set of numbers. Your margins are increasing, you are able to pass through the increase in steel prices. We are gaining market share. Sir, everything we are doing good. The only thing I think that we are missing out is on this data center. Sir, we are seeing that the data center and AI infrastructure boom is happening right now in FY '27. So is it possible to sort of fast track this capex and because Q3 FY '28 looks a little late. So what are your thoughts on this?
- Ashish Garg:** So the programs that we have and where we have to cater and these companies are setting up complete plants to cater to these requirements. These infrastructures are not available right now. The growth which is expected to come from 28 to 35 is enormous. And accordingly, as we discussed, most of these large companies are creating infrastructure because ultimately, these shafts, these products will go in large engines.
- These are large engines will go in large gensets. It's a complete requirement. Even if we move very fast, it depends because the infrastructure needs to be in place, which most of these OEMs are creating. So we are working hard to create the infrastructure, we are expecting that by Q4, we'll be ready. But then there is a development lead time and lead times expected as well, which will take 6 to 9 months to start our activities in terms of our revenues. But infrastructure-wise, by Q4, we will have most of the infra in place.
- Prateek Shrivastava:** Got it. And do we have some sort of MOU, some sort of early agreement with any of these data center players who we are working more closely collaborating with?
- Ashish Garg:** So we'll be working over it with large engine companies that manufacture large gensets for these data centers, and we already have good visibility from these companies. And being a new player

in this sector, some OEMs, we are in discussions and are also waiting for infrastructure to be in place. So that we already have a good order books, and there is some investments already done by these OEMs with us in terms of the development of tool costs and other related activities. So that commitment is there.

Prateek Shrivastava: Okay, looking forward for the next quarterly con call and maybe you can throw more light on this in terms of the partnerships, early trials, things like that on this data center.

Moderator: The next question is from the line of Lakshminarayanan from Tunga Advisors LLP.

Lakshminarayanan: Two questions. I just want to understand what is the contribution of crank shaft in the overall business for FY '25 and how is that for FY '26? And the capacities, which you are setting up, are we planning to increase the throughput of crank shaft in particular?

Ashish Garg: Contribution is nearly 50%, I can say, between FY '25 and FY '26.

Lakshminarayanan: That remains the same for the 2 financial years or it went to an increase? I just want to understand the previous year?

Ashish Garg: Yes. From previous year, it was flatish. But if we look at -- you want to understand going forward?

Lakshminarayanan: Yes.

Ashish Garg: It will improve. It is going up to 58% to 60% by FY '28, '29.

Lakshminarayanan: Got it. And in terms of the commercial vehicle automotive, I understand that there is a decline in the heavy commercial vehicles or there is a trend towards tractor trailer, which means that the requirement of axles may be changing. Does it -- is that true? And does it actually positively or negatively impact us?

Ashish Garg: So sir, front-axle beam is something that we started late in the industry. And because of this change, we have taken up some latest programs on the new axle beams. But regards to crank shafts, so we are a very large player on the CV side where we are working and there is no change on those sites. Some of the new developments are happening on 9-liter and 10-liter applications in the domestic side. And with major players in the industry, we are already there. So if the ramp-up will happen for the new set of engines, we already have our products tested for that.

Lakshminarayanan: Got it. And, in terms of the new products or the new wins that we have got in this year, is it a resultant of completely new products or is it that we have actually displaced a competitor? And if so, what is the proposition of us to displace the competitor?

Ashish Garg: So sir, some are PV programs and PV is a new segment for us, which we started 2, 2.5 years back. So all these products are new for us where we have been part of the new growth, which is coming in. And also on the export side, some of these products were done in-house by some of the large OEMs, which they no more are investing in-house.

So there is an opportunity to supply. As far as the other data center-related businesses, there's definitely a growth which is coming in. On the domestic side, on the CV businesses, the market share is improving for us. And over there, we are definitely working on improving our market share.

Lakshminarayanan: Is it because any other player are vacating a particular product segment? Or is it that your proposition is stronger than the incumbent?

Ashish Garg: So you see in the last 5, 6 years, we have invested very heavily on the crank shaft side of the business, which has played well for us. In terms of technology, we are ahead, and there is a lot of new investments that has done in the past couple of years where OEMs have started working with us 2 to 3 years back, which is kind of helping us gain our market share.

Moderator: The next question is from the line of Nishant Chowhan from Indusindnippon Life.

Nishant Chowhan: Sir, firstly, on the farm equipment segment, I would like to know whether this segment is largely export-oriented or we cater to domestic players?

Ashish Garg: So farm equipment is largely domestic for us, but we are also working on some programs on the European farm and North American farm side. So next 2 years, we'll also have export share improving on the farm side. But currently, it is largely domestic. And we also have indirect exports, which is happening for farm transmission parts, but it is largely domestic.

Nishant Chowhan: Okay. So sir, this year, particularly, I think farm segment has seen a quite impressive growth of 20% plus, whereas I think ICRA farm numbers, it would be something around 10%. So is there scope for us to get more market share in this particular segment?

Ashish Garg: So over here, we were working on some new programs. And definitely, this year, we are expecting some improvement on the market share side. And so it should start reflecting. So the work is ongoing. There is a replacement and there were some developments that has done in the last year.

So it should be in a position to do better this year in terms of our market share on the farm side is concerned. And also on the capacity side, we have invested in the last year on 2 crank shaft machining lines also the farm side. So we expect the utilization levels will improve on those lines.

Nishant Chowhan: Okay. And sir, finally, I think your volume guidance of high teens for this particular year is quite encouraging. But sir, just if you could give us slightly more details, I mean, which segments should we look which would be contributing to the growth quite heavily? Because I think farm and PV segment outlook even by most players is something around flattish to maybe mid-single digit. So how would you break up this high teens kind of a growth guidance that you've given?

Ashish Garg: So for our product range, we are currently at 32% market share on the CV side, which we expect to go up to 42% on the MHCV side. So simply on a market share basis, we expect good growth. So CV alone, we are expecting almost 35%, 40% growth this year for us because of the new programs and the new ramp-ups, which is ongoing.

On the farm equipment side, we expect market share to improve by almost 4%. We are currently at 41%, which should improve to around 45%. So simply on the basis of the market share I'm discussing. So yes, as of now, the FADA numbers report signals a good start because April, if you see the FADA report for tractor was like 23% up for farm equipment sector and MHCV, it was close to 15%, where HCV was 8% and MCV were almost 27%. So also the pipeline inventory for both these sectors are fairly low at this point of time, which gives a good signal in terms that the production should continue.

Nishant Chowhan: Okay. So a high 35% to 40% growth is expected this year?

Ashish Garg: Can you come again?

Moderator: Ladies and gentlemen, we'll take that as the last question of the day. And I now hand the conference over to the management for closing comments.

Ashish Garg: Thank you, everyone, for joining. To conclude, we are confident that our investments in innovation, capacity and customer partnerships will drive sustainable growth and value creation. With this, I would like to thank everyone for joining on the call. I hope we have been able to address all your queries. For any further information, kindly get in touch with Strategic Growth Advisors, our Investor Relations Advisors. Thank you once again.

Moderator: Thank you. On behalf of Happy Forgings Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.